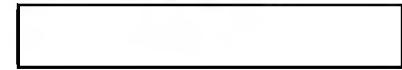


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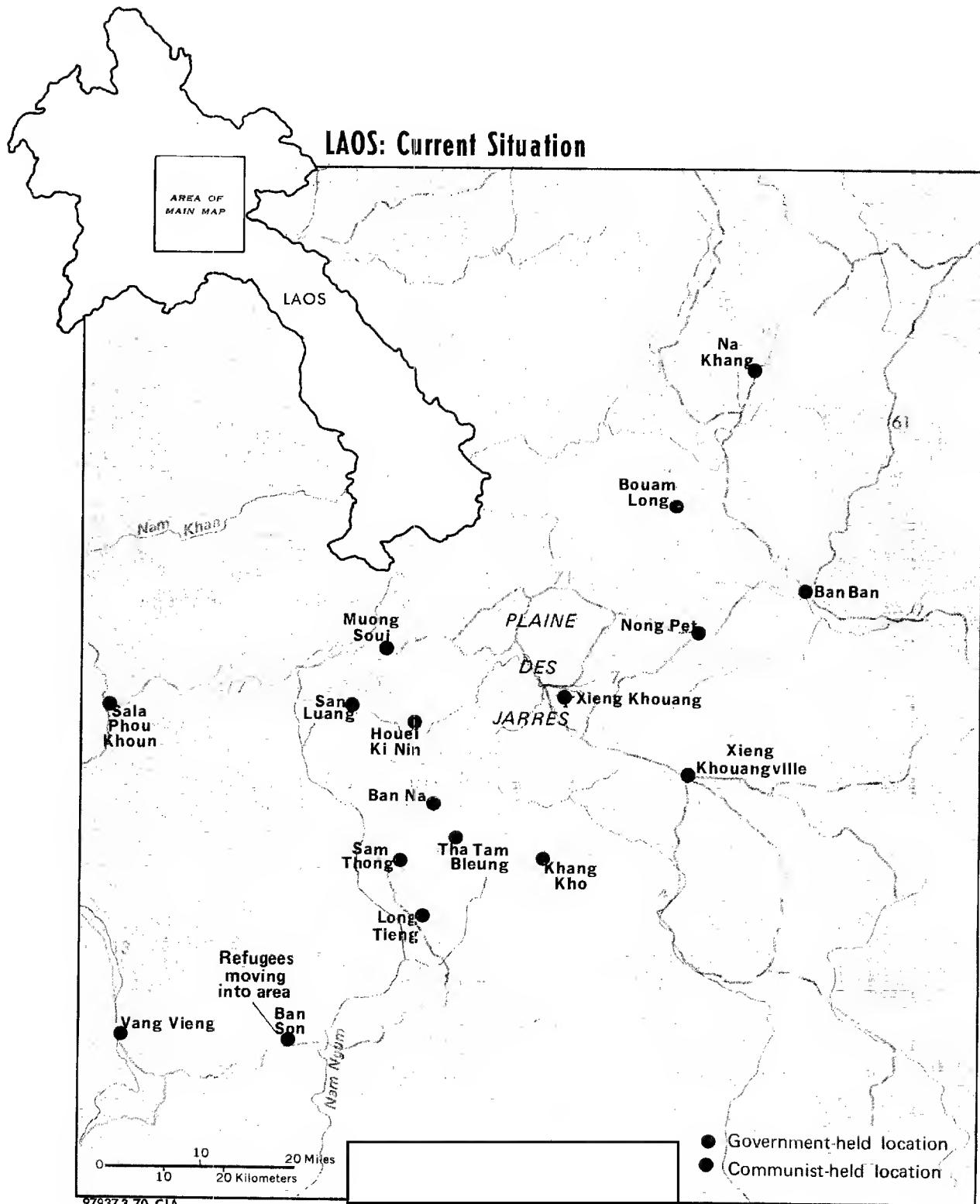
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Laos: Government forces are still holding key defensive positions in the Long Tieng area, but new enemy attacks could come at any time.

General Vang Pao, taking advantage of a respite in enemy activity near his headquarters area, has pulled two battalions from outlying positions to strengthen defenses in the Long Tieng area.

Complicating government defensive efforts is the wholesale evacuation of the Meo community from the area. Many government soldiers have joined the refugee ranks, the bulk of which are moving to Ban Son, some 20 miles to the southwest.

Early on 19 March, portions of the Sam Thong and Tha Tam Bleung areas were still in government hands, as were the outposts of Ban Na and Khang Kho. These positions are lightly defended, however, and are not likely to hold in the face of a stiff enemy assault. The fact that the enemy has chosen to bypass these positions in favor of the more lucrative target of Long Tieng underlines the importance the Communists attach to overrunning Vang Pao's headquarters.

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South Korea - Japan: President Pak Chong-hui intends to play down differences with Tokyo over the travel of Koreans resident in Japan to North Korea.

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Both Seoul and Tokyo have gradually been moving toward closer and more friendly relations. Concern that events in Vietnam may lead to a reduction of the US commitment in the Far East has prompted the South Koreans in particular to take a new look at relations with their only non-Communist neighbor. Cooperation between the two old enemies probably will only develop slowly, however, despite shared regional interests and growing economic ties.

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West Germany - Eastern Europe: Bonn continues to seek broader trade ties with Eastern Europe.

Bonn and Warsaw, without shelving hopes for an early agreement on a long-term trade and economic agreement, intend to sign a one-year trade protocol for 1970. The announcement followed a brief visit to Warsaw by two West German trade negotiators who reportedly brought a new economic offer in hopes of paving the way for the resumption of the stalled trade talks. The offer apparently contained too little to satisfy the Poles.

Earlier this month, Foreign Trade Minister Burakiewicz intimated that trade talks were at a standstill because Bonn had failed to meet Warsaw's request for liberalized trade and broader access to West German markets, particularly for Polish manufactured goods. He also stated that investment credits offered by Bonn were noncompetitive, presumably with those already received from France. No date was set for a resumption of the trade talks.

Hungarian Foreign Trade Minister Biro arrived in Bonn on 16 March to discuss Bonn's intentions regarding long-term trade arrangements and possible technical cooperation. Biro's mission is to set the stage for detailed negotiations on these topics in annual trade talks scheduled for this April in Bonn. It is doubtful, however, that the Hungarians wish to conclude a long-term agreement with Bonn before an agreement is reached between the West Germans and the Poles.

A visit in late February to Bonn by Romania's foreign trade minister resulted in Bonn's agreement, in principle, to guarantee private untied credits of \$27 million to Bucharest. The trade minister, however, was dismayed at the current high interest rates, and Romania may not take up the offer at this time. Bonn's willingness to guarantee credits not earmarked for any particular use, however, confirms its desire to open the West German capital market to East European countries.

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USSR: The Soviet Fiat plant will probably begin only token assembly of automobiles during the first half of this year.

The Soviets originally planned to begin production in 1969 and to reach an output of 200,000 cars by 1970. Various construction and supply difficulties, however, postponed the opening date to the centennial of Lenin's birth on 22 April 1970. This has forced a reduction in the 1970 production goal to 30,000 cars, but it is unlikely that even this modest target will be reached.

Recent Soviet press articles on progress at the plant indicate serious construction delays, especially in the metallurgical shops. The foreman of the forging shop was quoted as saying, "In June we are supposed to produce forgings for the first automobiles and the work here is still in the hands of the construction workers... To tell the truth, it is alarming." Machinery is being installed in two-thirds of the main assembly shop, but the concrete floor is only now being laid in the remaining area.

The Soviets will depend heavily on imported parts for producing the first cars. An attempt to postpone the delivery of \$65 million worth of parts from Yugoslavia until after 1970 is another indication of slippage in the production schedule.

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Nigeria: The government has implemented a major feature of its reconstruction program by decreeing a new formula for allocating federal revenues.

Under the scheme, which has emerged from a lengthy behind-the-scenes wrangle among competing interests, revenues from mining royalties and a variety of export and excise duties will be distributed more equitably among the states than previously. The new formula moves away from the "state of origin" as a yardstick for allocating funds toward equality of need and population distribution. In addition, the states' share of the whole is increased at the expense of the federal government.

The core of the new formula, which has been made retroactive to last April when the current fiscal year began, is the division of mineral royalties. More of the rapidly rising oil revenues will now go to the eight nonproducing states, while the federal share is reduced by two thirds.

The new arrangement reflects the continuing domination of Nigeria by minority tribesmen, especially northerners who came to power in 1966 and a year later replaced the former four regions with the present 12 states. All six of the new states they created in the former Northern Region, where the large Hausa tribe had previously predominated, have gained a larger revenue slice as have minority areas of the old Ibo-controlled Eastern Region. The Ibo Central-Eastern State and the Yoruba Western State, on the other hand, have both taken a loss.

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Turkey: Violence by gangs of leftist university students against university buildings and faculty members and against US civilian and military property in Istanbul has marked the first two days of the leftist-sponsored "Independence Week." Istanbul University is reportedly in a state of near chaos.

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The government's unwillingness to deal firmly with student violence is coming under growing public criticism. Counteraction by rightist student groups is a strong possibility. If the students continue unchecked much longer, the military may decide to bring them under control.

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Israel-Egypt: The Israeli-leased Canadian oil drilling rig that was damaged while in port in the Ivory Coast, probably by Egyptian saboteurs, is now in Tema, Ghana. After temporary repairs, the rig left Abidjan on 13 March and arrived Monday in Tema, where it reportedly will utilize drydock facilities for more permanent repairs. The work is expected to take over a month, and it will be some time before the rig reaches its eventual destination in the Gulf of Suez. The Egyptians could well make another attempt to destroy the rig before it reaches its destination.

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